



U.S. Immigration
and Customs
Enforcement

April 15, 2005

News Release

11 ARRESTED AND \$250,000 SEIZED IN BREAKUP OF MAJOR INLAND EMPIRE CONTRABAND CIGARETTE TRAFFICKING RING

RIVERSIDE — Eleven people face federal criminal charges today following the breakup of a major contraband cigarette trafficking ring based here in the Inland Empire that investigators estimate cost the government and industry more than \$1 million in lost taxes and revenues.

The nearly three-year undercover investigation by U.S. Immigration and Customs Enforcement (ICE) and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) culminated this week with the arrest of 11 suspects and the seizure of more than \$250,000 in currency. ICE and ATF received substantial assistance in the case from the California Board of Equalization, the Los Angeles County Sheriff's Department, the Internal Revenue Service, and the Federal Bureau of Investigation.

"Trafficking in counterfeit cigarettes is a multi-billion dollar international enterprise that robs financially strapped states like California of badly needed revenues," said Gary Pinkava, assistant special agent-in-charge for ICE investigations in Riverside and San Bernardino County. "ICE is working with its law enforcement partners to shut down schemes like this that enrich criminals and criminal organizations at the expense of our economy."

John A. Torres, special agent in charge of the Los Angeles field division of ATF, said the operation has dismantled one of the largest cigarette trafficking rings ever uncovered in the Inland Empire. "The violators in this case have caused the State of California to be defrauded out of hundreds of thousands of dollars in tax revenue. I have one message for the perpetrators - pay your vice taxes and you will avoid any problems with ATF or the State of California."

During the last three days, ICE and ATF agents executed search warrants at five Southland smoke shops, including three Payless Tobacco stores in Hesperia and Santa Paula, Smoker's Corner in Pomona, and the Tobacco Zone in Anaheim. In addition, investigators conducted searches at several storage facilities where the defendants stockpiled the illegal cigarettes. Besides the currency, those searches led to the seizure of more than 5,000 cartons of contraband cigarettes and approximately 3,800 counterfeit California tax stamps.

Court documents show that several of the defendants in the case orchestrated a scheme to import and distribute counterfeit cigarettes, primarily from China. It is alleged the defendants affixed counterfeit tax stamps onto hundreds of thousands of packs of cigarettes. Many of these cigarettes were then distributed or delivered to smoke shops throughout the Southland.

Under California law, only cigarette distributors licensed by the California Board of Equalization are authorized to receive and possess cigarettes without California tax stamps. Distributors must purchase the tax stamps, at a cost of 87 cents a pack, and affix them to each package of cigarettes prior to their distribution. Individuals who traffic contraband commonly evade this state tax by placing counterfeit tax stamps onto packages of cigarettes.

The defendants in the case are:

- Daniel Araya, 42, of Lancaster, owner of Araya's Enterprise and Omega Distributors;
- Sivly Hang, 54, of Moreno Valley, obtained counterfeit cigarettes from China;
- Adel Shahin, 40, of Rancho Cucamonga, worked at "Tobacco 2 Go" in Apple Valley;
- Adnan Bawaneh, 38, Victorville, proprietor of "Tobacco 2 Go" in Apple Valley;
- Ghaleb Almasad, 61 of Hesperia, operated Payless Tobacco Shops in Hesperia and Santa Paula;
- Ahmad Almasad, 41, of Hesperia, operated Payless Tobacco Shops in Hesperia and Santa Paula;
- Ali Abdelhadi, 53, of Hesperia, operated Payless Tobacco Shops in Hesperia and Santa Paula;
- Samir Jaber, 38, of Corona, operated #1 Tobacco Zone in Anaheim;
- Ritesh Patel, 23, of Hershey, PA, former associate of Jayesh Thakkar;
- Jayesh Thakkar, 40, of La Palma; and
- Rabi Ayash, 39, of Palmdale.

If convicted, the defendants face up to five years in prison and a \$250,000 fine on each count related to cigarette smuggling and trafficking.

EDITOR'S NOTE: Representatives from ICE and ATF will be available at ATF's Riverside office, 3801 University Ave., Suite 670, from 1:30 to 3:30 p.m. today to speak with reporters. The media will also be able to view a display of the counterfeit cigarettes and tax stamps seized during this operation. To confirm an interview time, contact ICE or ATF public affairs at the numbers listed on the front of this release.

ICE